

Message Text

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ORIGIN SS-30

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DRAFTED BY EB:OFP:FPD:MPBOERNER:ML

APPROVED BY EB:ORF:JULIUS L. KATZ

EB:ORF:OFP:JAPLACKE

NEA/IRN-BMORTON

USDA/FAS - RGOODMAN

S/S:PJOHNSON

S/S:PJOHNSON

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

C O N F I D E N T I A L STATE 225936

EXDIS

E.O. 11652: GDS

TAGS: EAGR, ETRD, IR, EG

SUBJ: VOLUNTARY COOPERATION SYSTEM FOR US GRAIN EXPORTS

REF: (A) STATE 223390; (B) TEHRAN 8598;

1. INTERAGENCY GROUP MET HERE OCTOBER 11 AM AND REVIEWED WHEAT EXPORTS TO IRAN IN THE LIGHT OF EMBASSY'S REPORT AND MORE RECENT INFORMATION AVAILABLE ON SHIPMENTS AND SALES TO USDA. IT WAS DETERMINED THAT ONLY ONE OUTSTANDING ORDER FOR SHIPMENT TO IRAN OF 161,000 TONS OF WHEAT NOW EXISTS WHICH REQUIRES PRIOR APPROVAL BY USG. IT WAS AGREED TO NOTIFY US EXPORTER IMMEDIATELY THAT THIS ORDER APPROVED, BUT AT THE SAME TIME OFFICIALLY COMMUNICATE TO GOI OUR UNDERSTANDING THAT WITH THIS ORDER USG NOW ASSUMES IRAN'S WHEAT NEEDS FOR THE REMAINDER OF THIS CROP (U.S. FISCAL) YEAR HAVE BEEN FULLY MET.

2. EMBASSY REQUESTED TO INFORM GOI OF ABOVE DECISION, AND
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OUR UNDERSTANDING THAT GOI WHEAT ORDERS TO US FOR REMAINDER

OF CROP YEAR NOW COMPLETE. TO ASSIST IN EXPLAINING BASIS FOR USG DECISION, EMBASSY SHOULD USE FOLLOWING DATA TO SUPPLEMENT THAT PRESENTED IN REFTELS: (A) USDA RECORDS HERE SHOW THAT THROUGH SEPTEMBER 29, 1974, 898,000 SOLD OF WHICH

240,000 TONS ALREADY SHIPPED; (B) SINCE SEPTEMBER 29, 663,000 TONS CONTRACTED FOR, OF WHICH LAST 161,000 TONS PENDING PRIOR APPROVAL BY USG. THIS PRIOR APPROVAL GIVEN OCTOBER 11, 1974; (C) AN ADDITIONAL 201,000 TONS CONTRACTED FOR SHIPMENT IN 1975/76. ALL OF FORGOING REFERS TO US SHIPMENTS AND SALES, MAKING TOTAL FOR 1974/75 OF 1,561,000 TONS.

3. WE BELIEVE THESE AMOUNTS SUFFICIENT TO COMPENSATE FOR DOWNWARD CHANGES IN GOI ESTIMATE OF DOMESTIC PRODUCTION AND UPWARD CHANGES IN DOMESTIC CONSUMPTION REPORTED REFTEL. ANY ADDITIONAL ORDERS WOULD THUS SERVE ONLY TO INCREASE IRAN'S RESERVE POSITION, WHICH WE BELIEVE SHOULD NOT BE ENCOURAGED IN THIS PERIOD OF TIGHT WORLDWIDE SUPPLY.

4. FYI. EMBASSY WILL NOTE THAT SOME APPARENT DISCREPANCY MAY STILL EXIST BETWEEN USDA FIGURES AND THOSE PRESENTED BY GOI. TOTAL FIGURE OF 2 MILLION TONS GIVEN IN EMBTEL FOR IRANIAN WHEAT ORDERS FROM U.S. REPEAT FROM U.S. INCLUDES FIGURE OF 1.4 MILLION TONS FOR ORDERS THROUGH LATE AUGUST, BUT THIS LATTER FIGURE INCLUDES 250-300,000 TONS FROM AUSTRALIA. TO RECONCILE IRANIAN AND USDA FIGURES, WE BELIEVE IRANIAN ESTIMATE OF TOTAL OF 2 MILLION TONS ON ORDER PROBABLY CONSISTS OF 1,561,000 TONS FROM U.S. FOR 1974/75, PLUS 201,000 TONS FROM U.S. FOR 1975/76, PLUS 250-300,000 TONS FROM AUSTRALIA. EMBASSY COMMENTS WOULD BE APPRECIATED. END FYI. INGERSOLL

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